



RESEARCH SOLUTIONS

Research Solutions, Inc. (OTCQB:RSSS) www.researchsolutions.com

Includes Non-GAAP Financial Data

	FY2019				FY2020		Trailing Twelve Months	
	Q1 9/30/2018	Q2 12/31/2018	Q3 3/31/2019	Q4 6/30/2019	Q1 9/30/2019	Q2 12/31/2019	TTM 12/31/2018	TTM 12/31/2019
Platforms								
Revenue	\$ 589,013	\$ 667,545	\$ 748,726	\$ 803,917	\$ 856,445	\$ 949,825	\$ 2,274,358	\$ 3,358,913
% y/y	51.8%	61.5%	53.0%	52.1%	45.4%	42.3%	63.6%	47.7%
% q/q	11.4%	13.3%	12.2%	7.4%	6.5%	10.9%	n/a	n/a
Gross margin	\$ 480,754	\$ 545,468	\$ 614,054	\$ 661,549	\$ 705,975	\$ 787,317	\$ 1,839,467	\$ 2,768,895
% of revenue	81.6%	81.7%	82.0%	82.3%	82.4%	82.9%	80.9%	82.4%
ARR (Annual recurring revenue) ¹	\$ 2,448,293	\$ 2,702,137	\$ 2,987,647	\$ 3,224,672	\$ 3,498,369	\$ 3,717,800	\$ 2,702,137	\$ 3,717,800
% y/y	53.9%	58.2%	50.7%	43.1%	42.9%	37.6%	58%	38%
% q/q	8.7%	10.4%	10.6%	7.9%	8.5%	6.3%	n/a	n/a
Deployments	239	267	281	301	320	338	267	338
% y/y	48.4%	45.1%	35.1%	32.6%	33.9%	26.6%	45.1%	26.6%
% q/q	5.3%	11.7%	5.2%	7.1%	6.3%	5.6%	n/a	n/a
ASP (Average sales price)	\$ 10,244	\$ 10,120	\$ 10,632	\$ 10,713	\$ 10,932	\$ 10,999	\$ 10,120	\$ 10,999
Transactions								
Revenue	\$ 6,363,508	\$ 6,321,297	\$ 6,629,231	\$ 6,670,685	\$ 6,738,668	\$ 6,580,613	\$ 26,114,386	\$ 26,619,197
% y/y	0.1%	-1.4%	-2.4%	0.5%	5.9%	4.1%	1.8%	1.9%
Gross margin	\$ 1,467,201	\$ 1,442,771	\$ 1,565,607	\$ 1,566,056	\$ 1,610,560	\$ 1,486,483	\$ 5,960,743	\$ 6,228,706
% of revenue	23.1%	22.8%	23.6%	23.5%	23.9%	22.6%	22.8%	23.4%
Transaction ³ count	202,212	202,681	211,520	214,686	215,780	212,759	837,747	854,745
% y/y	-1.4%	-1.1%	-3.7%	0.7%	6.7%	5.0%	0.3%	2.0%
Corporate customers	845	826	835	832	853	856	843	844
% y/y	4.8%	1.2%	-1.5%	-2.2%	0.9%	3.6%	4.2%	0.2%
Academic customers	239	245	243	258	281	283	231	266
% y/y	10.6%	7.5%	15.2%	12.2%	17.6%	15.5%	11.7%	15.1%
Total customers ²	1,084	1,071	1,078	1,090	1,134	1,139	1,074	1,110
% y/y	6.1%	2.6%	1.8%	0.8%	4.6%	6.3%	5.7%	3.4%
Company Total								
Revenue	\$ 6,952,521	\$ 6,988,842	\$ 7,377,957	\$ 7,474,602	\$ 7,595,113	\$ 7,530,438	\$ 28,388,744	\$ 29,978,110
% y/y	3.0%	2.4%	1.3%	4.3%	9.2%	7.7%	4.9%	5.6%
Gross margin	1,947,955	1,988,239	2,179,661	2,227,605	2,316,535	2,273,800	7,800,210	8,997,601
% of revenue	28.0%	28.4%	29.5%	29.8%	30.5%	30.2%	27.5%	30.0%
Sales and marketing	431,417	445,879	542,641	659,108	550,349	638,837	1,855,440	2,390,935
% of revenue	6.2%	6.4%	7.4%	8.8%	7.2%	8.5%	6.5%	8.0%
Technology and product development	499,795	553,272	537,685	549,198	499,191	548,719	1,943,792	2,134,793
% of revenue	7.2%	7.9%	7.3%	7.3%	6.6%	7.3%	6.8%	7.1%
General and administrative	1,118,611	1,180,599	1,129,462	1,060,268	1,231,345	1,270,375	4,454,120	4,691,450
% of revenue	16.1%	16.9%	15.3%	14.2%	16.2%	16.9%	15.7%	15.6%
Depreciation and amortization	11,115	9,733	9,617	8,351	7,558	6,840	86,347	32,366
Stock-based compensation	115,909	453,288	131,072	126,903	142,672	523,632	758,626	924,279
Foreign currency translation loss (gain)	4,980	10,025	2,302	7,193	12,123	(5,456)	19,857	16,162
Total operating expenses	2,181,827	2,652,796	2,352,779	2,411,021	2,443,238	2,982,947	9,118,181	10,189,985
% of revenue	31.4%	38.0%	31.9%	32.3%	32.2%	39.6%	32.1%	34.0%
Other income (expenses) and income taxes	14,264	16,322	22,393	27,289	19,055	25,721	48,439	94,458
Income (loss) from continuing operations	(219,608)	(648,235)	(150,724)	(156,127)	(107,648)	(683,426)	(1,269,532)	(1,097,925)
% of revenue	-3.2%	-9.3%	-2.0%	-2.1%	-1.4%	-9.1%	-4.5%	-3.7%
Income from discontinued operations								
Gain on sale of discontinued operations	41,720	55,698	33,044	84,275	26,191	91,254	217,911	234,764
Net income (loss)	\$ (177,888)	\$ (592,537)	\$ (117,680)	\$ (71,852)	\$ (81,457)	\$ (592,172)	\$ (1,051,621)	\$ (863,161)
% of revenue	-2.6%	-8.5%	-1.6%	-1.0%	-1.1%	-7.9%	-3.7%	-2.9%
Adjusted EBITDA Reconciliation								
Net income (loss)	\$ (177,888)	\$ (592,537)	\$ (117,680)	\$ (71,852)	\$ (81,457)	\$ (592,172)	\$ (1,051,621)	\$ (863,161)
Depreciation and amortization	11,115	9,733	9,617	8,351	7,558	6,840	86,347	32,366
Stock-based compensation	115,909	453,288	131,072	126,903	142,672	523,632	758,626	924,279
Foreign currency translation	4,980	10,025	2,302	7,193	12,123	(5,456)	19,857	16,162
Other income (expenses) and income taxes	(14,264)	(16,322)	(22,393)	(27,289)	(19,055)	(25,721)	(48,439)	(94,458)
Income from discontinued operations	-	-	-	-	-	-	-	-
Gain on sale of discontinued operations	(41,720)	(55,698)	(33,044)	(84,275)	(26,191)	(91,254)	(217,911)	(234,764)
Adjusted EBITDA ⁴	\$ (101,868)	\$ (191,511)	\$ (30,126)	\$ (40,969)	\$ 35,650	\$ (184,131)	\$ (453,141)	\$ (219,576)
% of revenue	-1.5%	-2.7%	-0.4%	-0.5%	0.5%	-2.4%	-1.6%	-0.7%

¹ Annual Recurring Revenue (Non-GAAP Measure) - the value of contracted platform subscription recurring revenue normalized to a one year period.

² Customers - the sum of the total quantity of customers per month for each month in the period, divided by the respective number of months in the period.

The quantity of customers per month is defined as customers with at least one transaction during the month.

³ Transaction - an order for a unit of copyrighted content fulfilled or managed in the platform.

⁴ Adjusted EBITDA (Non-GAAP Measure) - defined as net income (loss), plus interest expense, other income (expense), foreign currency transaction loss, provision for income taxes, depreciation and amortization, stock-based compensation, income and gain on sale of discontinued operations, and other potential adjustments that may arise.